

SCHEDULE 14

Payment Mechanism

Capitalised terms used in this Schedule 14 (*Payment Mechanism*) shall have the meanings given to them in paragraph 1 below, or, where not defined in paragraph 1, the meanings given to them in Schedule 1 (*Definitions and Interpretation*).

1 Definitions

1.1 In this Schedule:

Access Road means any road that has direct access to Trunk Road Section(s) and where a Lane Occupation can occur (which shall include but not be limited to Slip Roads);

Access Road Lane Occupation means a Lane Occupation arising on an Access Road or part of an Access Road;

Adjustment has the meaning given to it in Section 1 (*Definitions*) of Schedule 16 (*Change Protocol*);

Allowable Lane Occupations means:

- a) Lane Occupations which are permitted pursuant to paragraph 5 of Appendix 1/17 (*Traffic Safety and Management*) to Part 4 (*Specifications*) of Section 3 (*Authority's Construction Requirements*) of Schedule 6 (*Construction Matters*) and which will not affect Project Co's ability to comply with its obligations pursuant to that paragraph; and/or
- b) Free Lane Occupations; and/or
- c) Exempt Lane Occupations;

Annual Service Payment or **ASP** for a Payment Year means the sums determined in accordance with the following formula:

$$ASP_n = ASP_o \times (1 - IF) + ((ASP_o \times IF) \times \left[1 + \frac{RPIX_n - RPIX_o}{RPIX_o} \right])$$

where:

ASP_n is the Annual Service Payment for that Payment Year;

ASP_o is the base date ASP for a Payment Year set out in the "Optimisation" tab cell M10 of the Financial Model, as amended for any Adjustment;

IF is the Indexation Factor being cell K380 of the "Inp_C" tab in the Financial Model;

RPIX_n means the published RPIX figure for the month of February which most recently precedes the commencement of the relevant Payment Year (or, if such RPIX figure has not been published by the relevant calculation date, the RPIX figure last published prior to such calculation date); and

RPIX_o is 285.4 the published RPIX figure as at February 2019;

Availability Criteria means the availability criteria specified in Table 4.1 in Appendix 4 (and **Availability Criterion** means any one of the Availability Criteria);

Availability Failure means a failure to meet an Availability Criterion in relation to the whole or part of a Carriageway Section, provided that Project Co shall be deemed to have met the Availability Criterion if:

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- a) such failure has been remedied by the expiry of the Rectification Period (if any); or
 - b) the Availability Failure has arisen as a result of Permitted Traffic Management to the extent that such Permitted Traffic Management meets (but does not exceed) the minimum requirements specified within Chapter 8 of the Traffic Signs Manual;

Availability Failure Deduction or **AFD** means a deduction calculated in accordance with paragraph 4.1 and made in respect of an Availability Failure;

Availability Failure Factor means a factor to be applied in respect of an Availability Failure, as provided for in Appendix 3 and identified in the tables in that Appendix;

Availability Period means each or any of the two (2) hour periods identified in the column headed 'Availability Period' of the table set out in Appendix 1;

Carriageway Section means each section of road as set out in Appendix 2 (and shall include any Slip Roads within each section);

Capital Expenditure Costs means::

[REDACTED]

Community Benefits Payments means any payments which become due from Project Co to the Authority pursuant to Clauses 29.9 to 29.14 (*Community Benefits*);

Construction Shortfall has the meaning given in paragraph 3.6.1;

Construction Shortfall Deduction has the meaning given in paragraph 3.6.2;

Corrective Action Request means an instruction issued by the Authority to Project Co to address a detected non-conformity with Project Co's quality management systems;

CV is the Capital Expenditure Costs relating to the Phase or Phases where the Permit to Use has been granted divided by total Capital Expenditure Costs for all Phases and multiplied by [REDACTED];

Day means a period of twenty four (24) hours from 00:00 to 23:59 and **Daily** shall be construed accordingly;

Direction of Travel means eastbound or westbound;

Emergency Lane Occupation has the meaning given in paragraph 5.2 of Appendix 7 to this Schedule 14 (*Payment Mechanism*);

Excusing Cause means:

- a) any suspension or restriction of Project Co's access rights to the Site, as set out in Clause 9 (*Nature of Land Interests*), by the Authority;
- b) police actions or instructions, provided that (i) in circumstances where the police action or instruction requires Project Co to close a section of the road, this Excusing Cause shall cease to apply thirty (30) minutes after the police advise Project Co or a Project Co Party that the road can be re-opened to vehicular traffic and; (ii) in all other circumstances this Excusing Cause shall apply only whilst the relevant police action or instruction is subsisting;
- c) maintenance work carried out by the Highway Authority and/or an Operating Company, provided that Project Co has taken all reasonable steps to mitigate the effects of such maintenance works;

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- d) work carried out by Statutory Undertakers in terms of Parts 3 or 4 of the NRSWA, subject always to Project Co having complied and continuing to comply with its obligations under Clauses 33.15 to 33.17 (*Works promoted by Statutory Undertakers*) and under Part 2 (*Operations*) and Part 3 (*Routine Service*) of Section 1 (*Service Level Specification*) of Schedule 12 (*Service Requirements*);
 - e) vehicle breakdown or illegal parking on a Carriageway Section provided that Project Co has used its reasonable endeavours to rectify the matter to the reasonable satisfaction of the Authority including, where applicable, by contacting the police or an appropriate roadside assistance provider;
 - f) implementation (as agreed or determined in accordance with Clause 37 (*Changes in Law*), Schedule 16 (*Change Protocol*) or the Schedule of Programmed Maintenance (as appropriate)) of any works or other matters relating to a Relevant Change in Law, an Authority Change, Programmed Maintenance or Lifecycle Replacement; or
 - g) a Disruption Event,

provided that if any of the events or circumstances listed at paragraphs (a) to (f) above have arisen as a result of a breach, act or omission by Project Co, any Project Co Party and/or any person acting on behalf of Project Co or any Project Co Party, the relevant Excusing Cause shall be deemed not to apply;

Exempt Lane Occupation means any Lane Occupation which:

- a) is an Emergency Lane Occupation;
- b) arises as a consequence of police actions or instructions, provided that (i) in circumstances where the police action or instruction requires Project Co to close a section of the road, this exemption shall cease to apply thirty (30) minutes after the police advise Project Co or a Project Co Party that the road can be re-opened to vehicular traffic and; (ii) in all other circumstances this exemption shall apply only whilst the relevant police action or instruction is subsisting; or
- c) the Authority agrees is a Plant Crossing which is used exclusively for that purpose,

provided that if any of the events or circumstances listed at paragraphs (a) to (c) above have arisen as a result of a breach, act or omission by Project Co, any Project Co Party and/or any person acting on behalf of Project Co or any Project Co Party, the relevant Exempt Lane Occupation shall be deemed not to apply;

Final Contract Month means the period commencing on the first day of the calendar month in which the earlier of the Termination Date or the Expiry Date occurs and ending on the earlier of the Termination Date or the Expiry Date;

Free Lane Occupation means:

- a) Lane Occupation of a Lane or Lanes on any or all of the Trunk Road Sections, in circumstances where there remains one permanent or temporary Running Lane (which is capable of use by all permitted classes of vehicles) in each Direction of Travel including where the Running Lane is part of a permanent or temporary diversion route within the confines of the Site which has been agreed with (i) the Authority and (ii) the police and/or the Highway Authority (as may be appropriate in the circumstances); or
- b) Lane Occupation of a Lane or Lanes on a Local Authority Road or Access Road which results in the closure of all Lanes on all or part of that Local Authority Road or Access Road, in circumstances where a permanent or temporary diversion route (either within or outside of the confines of the Site) has been agreed with (i) the

Authority and (ii) the police and/or the Highway Authority (as may be appropriate in the circumstances), in respect of such closure;

Lane means a lane within either a Trunk Road Section, an Access Road or a Local Authority Road (as applicable);

Lane Occupation means the occupation of a Lane by Project Co which results in the Lane either:

- a) becoming unavailable for use by all permitted classes of vehicles;
- b) becoming a Narrow Lane; or
- c) being subject to a closure;

Lane Occupation Charge or **LOC** means the relevant charge specified in Tables 1 to 4 of Appendix 7;

Lane Occupation Period means a three (3) hour period;

Local Authority Road means any road with no direct access to the Project Road on which a Lane Occupation occurs as a result of the Works;

LOCs Cap means £[REDACTED];

LOCs Accrued means the total LOCs accrued during the Construction Phase in accordance with Appendix 7 to this Schedule 14;

LOCs Deductible means the LOCs Accrued minus the LOCs Cap. Where this calculation produces a negative figure, the LOCs Deductible shall be zero;

Month means a calendar month;

Monthly Service Payment or **MSP** means the sum calculated in accordance with paragraph 2.1 of this Schedule 14 (*Payment Mechanism*);

Narrow Lane means a Running Lane which is for the use of cars and other light vehicles only;

Night has the meaning given in Appendix 7;

Pass Through Insurance Cost or **PTIC** has the meaning given in paragraph 2.1;

Payment Year or **n** means each period of twelve (12) consecutive months starting on 1 April, with the exception of:

- a) the first Payment Year, which shall commence on the first Payment Commencement Date and end on the 31 March first occurring thereafter; and
- b) the last Payment Year, which shall commence on the 1 April immediately preceding the Expiry Date or the Termination Date (as relevant) and end on the Expiry Date or the Termination Date (as relevant);

Performance Failure means a failure to provide a Service in accordance with the relevant Performance Standard and shall include Sectional Performance Failures and Whole Road Performance Failures, provided that Project Co shall be deemed to have met the Performance Standard if the failure relates to the Services (Non-Specific) and such failure has been remedied by the expiry of the Service Rectification Period (if any);

Performance Failure Deduction or PFD means a PFD Section and/or a PFD Whole;

Performance Failure Notice means a notice by the Authority served pursuant to paragraph 5.3.2;

Performance Failure Points or PFP means PFP Section and PFP Whole;

Performance Standard means for any Service, the performance standard specified against that Service in the column headed 'Performance Standard' in the tables forming Part 1 and Part 2 of Appendix 5 (and, as regards the table in Part 1 of Appendix 5, as more particularly described in the relevant part of this Agreement);

PFD Section means a deduction calculated in accordance with paragraph 4.2.2 and made in respect of a Sectional Performance Failure;

PFD Whole means a deduction calculated in accordance with paragraph 4.2.3 and made in respect of a Whole Road Performance Failure;

PFP Section means the Performance Failure points applicable to a Sectional Performance Failure as identified in the columns headed 'Performance Failure Points' of the tables set out in Parts 1 and 2 to Appendix 5;

PFP Whole means the Performance Failure points applicable to a Whole Road Performance Failure as identified in the columns headed 'Performance Failure Points' of the tables set out in Parts 1 and 2 to Appendix 5;

Plant Crossing means a heavy plant crossing provided in accordance with section D3.23 of Chapter 8 of the Traffic Signs Manual;

Project Emergency means any unforeseen event affecting the Project Operations, whether directly or indirectly, which causes an immediate and imminent threat to the integrity of any part of the Project Operations or the Site, which event was not caused or contributed to by Project Co, any Project Co Party and/or any person acting on behalf of Project Co or any Project Co Party;

Project Shortfalls has the meaning given in paragraph 7.1.1 of this Schedule 14 (*Payment Mechanism*);

Quarter means each period of three (3) consecutive months starting on 1 April;

Rectification Period means each period permitted for remedying an Availability Failure or a Restricted Services Availability Failure (as applicable) as set out in the column headed "Rectification Period" in the tables set out in Appendix 4, each of which periods shall commence:

- a) in respect of a failure to meet the Availability Criteria or the Restricted Services Availability Criteria (as applicable) as a result of the closure of a carriageway or carriageways by the police or other appropriate authority following an accident, from the time when Project Co (or a Project Co Party) is notified by the police or other appropriate authority that the carriageway or carriageways which were closed as a result of the accident may be re-opened, provided that where Project Co fails to record the time of such notification the Rectification Period shall be zero; and

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- b) in respect of a failure to meet the Availability Criteria or the Restricted Services Availability Criteria (as applicable) otherwise than as a result of the closure of a carriageway or carriageways by the police or other appropriate authority following an accident, from:
- i) where Project Co is required in terms of this Agreement to monitor such failures by way of any electronic or other system based reporting or data-capture or by way of self-monitoring, the earlier of the time at which it (or a Project Co Party) became or should have become aware of the failure; or
 - ii) where there is no such monitoring requirement, the earlier of the time at which the failure is reported to Project Co (or a Project Co Party) by any person or Project Co (or a Project Co Party) otherwise becomes aware of it;

Reporting Failure Deduction means £[REDACTED];

Response Duration has the meaning given in Part 1 (*Definitions*) of Section 1 (*Service Level Specification*) of Schedule 12 (*Service Requirements*) and as is provided for in paragraph 3.23 of Part 2 (*Operations*) of Section 1 of Schedule 12 (*Service Requirements*);

Restricted Services Availability Criteria means the restricted services availability criteria specified in Table 4.2 in Appendix 4 (and **Restricted Services Availability Criterion** means any one of the Restricted Services Availability Criteria);

Restricted Services Availability Failure means a failure to meet a Restricted Services Availability Criterion for a Restricted Services Section not subject (in its entirety) to an Allowable Lane Occupation, provided that Project Co shall be deemed to have met the Restricted Services Availability Criterion if:

- a) such failure has been remedied by the expiry of the Rectification Period (if any); or
- b) the Restricted Services Availability Failure has arisen as a result of Permitted Traffic Management to the extent that such Permitted Traffic Management meets (but does not exceed) the minimum requirements specified within Chapter 8 of the Traffic Signs Manual;

Restricted Services Availability Failure Deduction or **RSAFD** means a deduction calculated in accordance with paragraph 3.3 and made in respect of a Restricted Services Availability Failure;

Restricted Services Deductions or **RSDs** means RSAFDs, RSPFDs and/or Restricted Services deductions accruing pursuant to paragraphs 3.2, 3.3 and/or 3.4A of this Schedule 14 (*Payment Mechanism*) as applicable;

Restricted Services Deductions Cap means, in relation to each Restricted Services Section and for each Quarter, the applicable cap as set out in Appendix 6 to this Schedule 14 (*Payment Mechanism*). Where Project Co is only required to provide Restricted Services to a Restricted Services Section for part of a Quarter (where the Restricted Services Commencement Date or Restricted Services Completion Date for that Restricted Services Section occurs part way through a Quarter), the Restricted Services Cap for that Quarter shall be prorated to reflect the number of days on which Project Co is required to provide Restricted Services to the relevant Restricted Services Section during the relevant Quarter;

Restricted Services Deductions Period means the period from the earlier of the Restricted Services Commencement Date and Project Co's RS Target Date to the Restricted Services Completion Date;

Restricted Services Exception means:

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- a) a Project Emergency;
 - b) police actions or instructions, provided that (i) in circumstances where the police action or instruction requires Project Co to close a section of the road, this Restricted Services Exception shall cease to apply thirty (30) minutes after the police advise Project Co or a Project Co Party that the road can be re-opened to vehicular traffic and; (ii) in all other circumstances this Restricted Services Exception shall apply only whilst the relevant police action or instruction is subsisting;
 - c) any suspension or restriction of Project Co's access rights to the Site, as set out in Clause 9 (*Nature of Land Interests*), by the Authority;
 - d) maintenance work carried out by the Highway Authority and/or an Operating Company, provided that Project Co has taken all reasonable steps to mitigate the effects of such maintenance works;
 - e) work carried out by Statutory Undertakers in terms of Parts 3 or 4 of the NRSWA, subject always to Project Co having complied and continuing to comply with its obligations under Clauses 33.15 to 33.17 (*Works promoted by Statutory Undertakers*) and under Part 2 (*Operations*) and Part 3 (*Routine Service*) of Section 1 (*Service Level Specification*) of Schedule 12 (*Service Requirements*);
 - f) vehicle breakdown or illegal parking on a Carriageway Section provided that Project Co has used its reasonable endeavours to rectify the matter to the reasonable satisfaction of the Authority including, where applicable, by contacting the police or an appropriate roadside assistance provider;
 - g) implementation (as agreed or determined in accordance with Clause 37 (*Changes in Law*) or Schedule 16 (*Change Protocol*) (as appropriate) of any works or other matters relating to a Relevant Change in Law or an Authority Change; or
 - h) the circumstances giving rise to a Restricted Services Exception as outlined in Clause 21.3A; or
 - i) a Disruption Event,

provided that if any of the events or circumstances listed at paragraphs (a) to (h) above have arisen as a result of a breach, act or omission by Project Co, any Project Co Party and/or any person acting on behalf of Project Co or any Project Co Party, the relevant Restricted Services Exception shall be deemed not to apply;

Restricted Services Performance Failure means any failure by Project Co to perform the Restricted Services in accordance with the Restricted Services Service Level Specification;

Restricted Services Performance Failure Deduction or **RSPFD** means a deduction calculated in accordance with paragraph 3.2 and made in respect of a Restricted Services Performance Failure;

Restricted Services Sections means the sections of the Project Road set out in Appendix 6 in the column headed "Restricted Services Section";

Running Lane means a strip of carriageway capable of accommodating a line of moving vehicles, frequently defined by road markings;

Sectional Performance Failure means a Performance Failure in respect of a Service identified as 'Sectional' in the column headed 'Performance Failure Points' in the table set out in Part 1 of Appendix 5 or as is determined as 'Sectional' pursuant to paragraph 5.3 in respect of Services (Non-Specific);

Service Rectification Period means the period (if any) within which a failure to provide a Service (Non-Specific) is to be remedied as determined in accordance with paragraph 5.3;

Services Fee means, in respect of each Contract Month, the value of the MSP for that Contract Month before the Deductions and PTIC elements of the MSP formula are deducted or added (as applicable);

Services Management Activities means all management activities, procedures and processes which are required to be undertaken to satisfy the requirements of Schedule 12 (*Service Requirements*);

Services (Non-Specific) means the Services other than the Services (Specific) (and **Service (Non-Specific)** means any one of the Services (Non-Specific));

Services (Non-Specific) Failure means a failure to provide a Service (Non-Specific) where such failure falls within one of classes A, B or C as described within Part 2 of Appendix 5;

Services (Specific) means each of those parts of the Services specified in the first two columns headed 'Services (Specific)' and 'Performance Standard' in the table set out in Part 1 of Appendix 5 and in each case as more particularly described in the relevant part of this Agreement (and **Service (Specific)** means any one of the Services (Specific));

Shuttle Working means the "give and take" system of traffic control described in Section D5.6 of Chapter 8 Part 1 of the Traffic Signs Manual;

Slip Road means a connector road within a grade-separated junction between Trunk Road Section(s) and a Trunk Road or Local Authority Road, or vice versa;

Trunk Road Sections means each Carriageway Section of the Project Road (excluding Slip Roads) and references to each Trunk Road Section shall be to the equivalent Carriageway Section (for example a reference to Trunk Road Section 1 is a reference to Carriageway Section 1), except:

- a) in relation to Carriageway Sections 4 and 9, the equivalent Trunk Road Sections shall also include the A470 Trunk Road (in addition to the A465 Trunk Road), with the A470 North of the A465 falling within Section 4 and the A470 South of the A465 falling within Section 9; and
- b) in relation to Carriageway Section 7, the equivalent Trunk Road Section shall also include the A4060 Trunk Road (in addition to the A465 Trunk Road);

Type C Works means mobile traffic management as described in Section D6.24 of Chapter 8 Part 1 of the Traffic Signs Manual;

Weekend has the meaning given in Appendix 7;

Weekday has the meaning given in Appendix 7; and

Whole Road Performance Failure means a Performance Failure in respect of a Service identified as 'Whole Road' in the column headed 'Performance Failure Points' of the table set out in Part 1 of Appendix 5 or as is determined as 'Whole Road' pursuant to paragraph 5.3 in respect of Services (Non-Specific).

2 Calculation of Monthly Service Payment

2.1 Monthly Service Payment

2.1.1 The Monthly Service Payment (**MSP**) for a Contract Month shall be calculated as follows:

- (a) for Contract Months (other than the Final Contract Month) after and excluding the Contract Month in which the Snagging Completion Date is achieved:

$$\text{MSP} = \left(\frac{\text{ASP}_n}{12} \right) - \text{Deductions} + \text{PTIC}$$

where:

ASP_n is the Annual Service Payment for that Payment Year; and

Deductions means AFDs + PFDs + LOCs Deductible + RSDs + CBPs + RFDs + CSDs (in each case if any);

and where:

AFDs is the aggregate of all Availability Failure Deductions for the preceding Contract Month;

PFDs is the aggregate of all Performance Failure Deductions for the preceding Contract Month;

LOCs Deductible is the balance of the LOCs Deductible sum which has not previously been taken into account within a Monthly Service Payment;

RSDs are any RSDs that arose during the Restricted Services Deductions Period which have not previously been taken into account within a Monthly Service Payment;

CBPs are (i) in respect of a Contract Month following a biennial anniversary (as referred to in clause 29.14.2) such aggregate sums as are specified as being due to the Authority (pursuant to clause 29.14.2); and (ii) Community Benefits Payments which arose during the Construction Phase and have not previously been taken into account within a Monthly Service Payment;

RFDs are any Reporting Failure Deductions arising during the preceding Contract Month pursuant to paragraph 7.2.4;

CSDs are any Construction Shortfall Deductions that arose during the Construction Phase which have not previously been taken into account within a Monthly Service Payment; and

PTIC means sums calculated pursuant to paragraph 8 of section 4 of schedule 15 and which are supported by uncontested invoices from Project Co's insurers;

The definitions for AFDs, PFDs, LOCs Deductible, RSDs, CBPs, RFDs and CSDs shall include any such Deductions arising pursuant to paragraph 7 during the preceding Contract Month.

- (b) for Contract Months up to and including the Contract Month in which the Snagging Completion Date is achieved (but excluding the first Contract Month):

$$\text{MSP} = \left(\frac{\text{ASP}_n}{12} \right) \times \left(\frac{(\text{A}_{p1} \times \text{B}_{p1}) + (\text{A}_{pn} \times \text{B}_{pn}) + \text{D}}{\text{No of days in Contract Month}} \right) - (\text{AFD} + \text{PFD}) + [\text{PTIC}]$$

where:

P₁...P_n is the date of issue of the first Permit to Use through to the date of issue of the final Permit to Use;

$A_{p1} \dots A_{pn}$ is CV when the Permit to Use for $P_1 \dots P_n$ has been granted;

$B_{p1} \dots B_{pn}$ is the number of days remaining in the Contract Month after the grant of the Permit to Use for $P_1 \dots P_n$ but before the grant of the next Permit to Use or in the case of P_n before the Snagging Completion Date;

D is the number of days remaining in the Contract Month (in which the Snagging Completion Date falls) after the Snagging Completion Date;

(c) for the first Contract Month:

$$MSP = \left(\frac{ASP_n}{12} \right) \times \left(\frac{(A_{p1} \times B_{p1}) + \dots + (A_{pn} \times B_{pn})}{\text{No of days in Contract Month}} \right) + [PTIC]$$

(d) for the Final Contract Month:

$$MSP = \left(\frac{ASP_n}{12} \right) \times \left(\frac{D_{FFM}}{\text{No of days in Final Contract Month}} \right) + [PTIC]$$

where:

D_{FFM} is the number of days in the Final Contract Month up to (and including) the Expiry Date or up to (but excluding) the Termination Date (as applicable).

Deductions incurred during the final two (2) Contract Months shall be deducted from the Monthly Service Payment for the Final Contract Month (through the Monthly Invoice) in accordance with clause 39.2.6(e) (*Invoicing and payment arrangements*).

- 2.1.2 If the Deductions for any Contract Month exceed the Services Fee for that Contract Month, then the Deductions for that Contract Month shall be limited to the Services Fee for that Contract Month.
- 2.1.3 Notwithstanding paragraph 2.1.2 above and subject to paragraphs 2.1.4 and 2.1.5 below, if the total value of Deductions for any Contract Month exceeds the Services Fee for that Contract Month, the excess shall be deducted from the Services Fee element of the MSP for the following and/or any subsequent Contract Month, until fully recovered. If the excess cannot be recovered by deduction from the Services Fee element of the MSP for the following and/or any subsequent Contract Month because this Agreement has expired or terminated, the unrecovered amount shall be payable by Project Co as a debt due to the Authority, within fifteen (15) Business Days of Project Co's receipt of an invoice in respect of such sum from the Authority.
- 2.1.4 The aggregate value of all AFDs and PFDs arising in any Payment Year shall not exceed the Annual Service Payment for that Payment Year.
- 2.1.5 Subject to paragraph 2.1.4, where AFDs and/or PFDs are carried forward to a subsequent Contract Month pursuant to paragraph 2.1.3 above, the maximum period for which any such AFDs and/or PFDs may be carried forward shall be 12 Contract Months following the Contract Month in which such AFDs and/or PFDs originally arose.
- 2.1.6 Pursuant to paragraphs 2.1.1, 3.1.3, 3.5.2, 7.2 and Appendix 7, RSDs, CSDs, CBPs, LOCs Deductible and RFDs arising during the Restricted Services Deductions Period or Construction Phase (as applicable) shall be deducted from the Services Fee element of the MSP due in respect of the Contract Month following the Contract Month in which the Actual Completion Date is achieved and/or any subsequent Services Fee until fully recovered.
- 2.1.7 When applying Deductions in respect of each Contract Month, AFDs and/or PFDs will be deducted first with RSDs, CSDs, CBPs, RFDs and/or LOCs Deductible being

applied against any residual Services Fee or carried over to the next Contract Month.

2.2 **Payment Calculation Schedule**

- 2.2.1 Project Co shall prepare a schedule of calculations for each Contract Month using the Payment Calculation Schedule set out in Appendix 8 ("**Payment Calculation Schedule**"), which schedule shall set out a calculation (or a value of nil or a blank, if applicable) of the relevant Monthly Service Payment using each of the factors set out therein. Project Co shall submit a Payment Calculation Schedule for the relevant Contract Month with each Monthly Invoice.

3 Restricted Services Deductions and Construction Shortfall Deductions

3.1 Accrual of Restricted Services Deductions during the Restricted Services Deductions Period

- 3.1.1 Restricted Services Deductions shall accrue in accordance with paragraphs 3.2 to 3.4A during the Restricted Services Deductions Period.
- 3.1.2 Subject to paragraph 3.4A below, in relation to each Restricted Services Section, in each Quarter the Restricted Services Deductions shall not exceed the Restricted Services Deductions Cap.
- 3.1.3 The total of the Restricted Services Deductions accrued during the Restricted Services Deductions Period shall be included within the calculation of the Monthly Service Payment for the Contract Month following the Contract Month in which the Actual Completion Date is achieved, as set out at paragraph 2.1.1(a).

3.2 Restricted Services Performance Failure Deduction

- 3.2.1 For each Restricted Services Section and in respect of each Restricted Services Performance Failure, RSPFD shall accrue on a Daily basis and be calculated as follows:
- (a) £[REDACTED] per Day for each Restricted Services Performance Failure in respect of Adverse Weather Service (as defined in Schedule 12 (*Service Requirements*));
 - (b) £[REDACTED] per Day for each failure to remedy or rectify a Category 1 Defect (as defined in Schedule 12 (*Services Requirements*)) in accordance with the applicable Hazard Mitigation Period, Permanent Repair Period and/or Holding Repair Period for such Category 1 Defect;
 - (c) £[REDACTED] per Day for each Restricted Services Performance Failure in respect of any activities in connection with any Incident or Emergency including failure to meet the required Response Duration; or
 - (d) £[REDACTED] per Day for each Restricted Services Performance Failure in respect of any other Restricted Service listed in Section 1 (*Restricted Services Activities*) of Schedule 33 (*Restricted Services*),

in each case until the Restricted Services Performance Failure has been resolved in accordance with paragraph 3.4.1.

- 3.2.2 Where, in a Day, a Restricted Services Performance Failure subsists for part only of that Day, the relevant amount per Day provided for in paragraph 3.2.1 shall apply without pro-rating.

3.3 Restricted Services Availability Failure Deductions

For each Restricted Services Section and in respect of each Restricted Services Availability Failure, RSAFDs shall be calculated as follows:

- 3.3.1 the RSAFD shall be £[REDACTED] where the Restricted Services Availability Failure occurs between the hours of 07:00 and 18:59 (inclusive of the stated times) on Weekdays;
- 3.3.2 the RSAFD shall be £[REDACTED] where the Restricted Services Availability Failure occurs between the hours of 19:00 and 06:59 (inclusive of the stated times);

3.3.3 the RSAFD shall be £[REDACTED] where the Restricted Services Availability Failure occurs between the hours of 0700 and 18:59 on a Weekend;

3.3.4 RSAFDs shall apply:

- (a) for each Lane, within each Restricted Services Section, on which a Restricted Services Availability Failure occurs; and
- (b) for every thirty (30) minute period (or part of a thirty (30) minute period) from the commencement of the Restricted Services Availability Failure until resolution of the Restricted Services Availability Failure irrespective of the actual duration of the Restricted Services Availability Failure. Where a thirty (30) minute period (or part of a thirty (30) minute period) in respect of which a RSAFD is to be applied overlaps any of the time periods set out at paragraphs 3.3.1, 3.3.2 and 3.3.3, the RSAFD for the whole thirty (30) minute period (or part of a thirty (30) minute period) shall be that with the highest value for the two relevant periods.

3.4 Resolution of Restricted Services failures

3.4.1 Resolution of failures in respect of Restricted Services shall be considered to have been achieved when the relevant Restricted Services Availability Failure or Restricted Services Performance Failure (as applicable) has been remedied or rectified and such remediation or rectification has been notified pursuant to paragraph 7.1.1.

3.4A Failure to achieve Project Co's RS Target Date

3.4A.1 Where Project Co fails to obtain the Restricted Services Commencement Notice by Project Co's RS Target Date, then from Project Co's RS Target Date until the Restricted Services Commencement Date, Restricted Services Deductions shall accrue on the following basis:

3.4A.1.1 for the purposes of this paragraph only, Project Co shall be deemed to be under an obligation to perform the Restricted Services and Restricted Services Performance Failure Deductions shall accrue on the basis of complete non-performance of the Restricted Services by Project Co; and

3.4A.1.2 Restricted Services Availability Failure Deductions shall accrue in accordance with paragraph 3.3,

and in each case the Restricted Services Deductions accrued pursuant to paragraphs 3.4A.1.1 and 3.4A.1.2 above shall not be subject to the Restricted Services Deductions Cap.

3.5 Accrual of Construction Shortfall Deductions during the Construction Phase

3.5.1 Construction Shortfall Deductions shall accrue in accordance with paragraphs 3.5 and 3.6 during the Construction Phase.

3.5.2 The total of the Construction Shortfall Deductions accrued during the Construction Phase shall be included within the calculation of the Monthly Service Payment for the Contract Month following the Contract Month in which the Actual Completion Date is achieved, as set out at paragraph 2.1.1(a).

3.6 Construction Shortfalls

-
- 3.6.1 If Project Co fails to comply with any of its obligations pursuant to the following provisions, each such failure shall be a Construction Shortfall:
- (a) Noise or vibration requirements in paragraph 5.14 of Part 2 (*Specific Requirements*) of Section 3 (*Authority's Construction Requirements*) of Schedule 6 (*Construction Matters*) and in Appendix 1/9 (*Control of Noise and Vibration*) of Part 4 (*Specification*) of Section 3 (*Authority's Construction Requirements*) of Schedule 6 (*Construction Matters*);
 - (b) Air Quality and Dust nuisance requirements in paragraph 5.10 (*Air Quality and Dust*) of Part 2 (*Specific Requirements*) of Section 3 (*Authority's Construction Requirements*) of Schedule 6 (*Construction Matters*);
 - (c) Implementation of a Liaison Procedure by the time set out in the Liaison Procedures Register and/or compliance with the provisions set out within a Liaison Procedure (Section 3 (*Roads Liaison Procedure*) of Schedule 32 (*Statutory Framework and Third Party Agreements*);
 - (d) Site security requirements in Clause 28.5 (*Safety and security of the Site during Construction*);
 - (e) Submission of the Interface Protocol to the Authority in accordance with the Review Procedure within two (2) months of the Commencement Date pursuant to section 4 (*Interface Protocol*) of Schedule 12 (*Service Requirements*).
- 3.6.2 A deduction of £[REDACTED] ("**Construction Shortfall Deduction**") shall be applied for each Day on which one or more Construction Shortfalls subsist. Following the initial application of a Construction Shortfall Deduction on the occurrence of one or more Construction Shortfalls, a Construction Shortfall Deduction shall continue to be applied on a Daily basis until the relevant Construction Shortfall or Construction Shortfalls have been remedied or rectified and such remediation or rectification has been notified pursuant to paragraph 7.1.1.
- 3.6.3 Where, in a Day, one or more Construction Shortfalls subsist for part only of that Day, a Construction Shortfall Deduction shall apply without pro-rating.

4 Deductions

4.1 Availability Failure Deductions

4.1.1 Availability Failure Deductions shall only apply to the sections of the Project Road to which a Permit to Use has been granted.

4.1.2 Prior to the Actual Completion Date being achieved an Availability Failure Deduction shall apply where one or more Availability Failure(s) are subsisting within any Availability Period for a Carriageway Section, calculated as follows:

$$AFD = CV \times ASP \times \frac{SW_s}{TSW_{sCP}} \times \frac{TW_t}{[36,083]} \times AFF$$

4.1.3 When the Actual Completion Date has been achieved, an Availability Failure Deduction shall apply where one or more Availability Failure(s) are subsisting within any Availability Period for a Carriageway Section, calculated as follows:

$$AFD = \frac{ASP \times SW_s \times TW_t \times AFF}{[36,083]}$$

in each case, where:

SWs means the section weighting applicable to the relevant Carriageway Section identified in the column headed **SWs** in the table forming Appendix 2;

TSWsCP means the total SWs applicable to the relevant Phase or Phases where the Permit to Use has been granted;

TWt means the time weighting applicable to the relevant Availability Period identified in the columns sub-headed '**TWt**' of the table forming Appendix 1;

36083 represents the total of weighted time periods for the Payment Year; and

AFF means the Availability Failure Factor for the relevant type of carriageway as identified in the tables in Appendix 3.

4.1.4 In any Contract Month, where multiple Availability Failure Deductions arise on one Carriageway Section, the total Availability Failure Deductions for that Carriageway Section for that Contract Month will not exceed:

Services Fee x SWs;

where:

SWs means the section weighting for the relevant Carriageway Section identified in the column headed **SWs** in the table forming Appendix 2.

4.1.5 Where an Availability Failure is caused as a result of Type C Works being carried out on the Project Road, then, for the purposes of calculating the Availability Failure Deductions in respect of such Availability Failure, only one Availability Failure Deduction shall arise per Availability Period in respect of all affected Carriageway Sections and the value of SWs will be the average of the section weightings of all the relevant Carriageway Sections through which the Type C Works have been carried out identified in the column headed **SWs** in the table forming Appendix 2.

4.1.6 Availability Failure Deduction Repetitions

- (a) If in any two consecutive Contract Months, an Availability Failure arises in relation to the same Availability Criterion, the Availability Failure Deductions calculated pursuant to paragraphs 4.1.2 or 4.1.3 (as applicable) arising in

the second Contract Month in respect of the relevant Availability Failure(s) shall be multiplied by 1.25;

- (b) If in any three consecutive Contract Months, an Availability Failure arises in relation to the same Availability Criterion, then (in addition to (a) above applying) the Availability Failure Deductions calculated pursuant to paragraphs 4.1.2 or 4.1.3 (as applicable) arising in the third Contract Month in respect of the relevant Availability Failure(s) shall be multiplied by 1.5;
- (c) If in any four or more consecutive Contract Months, an Availability Failure arises in relation to the same Availability Criterion, then (in addition to (a) and (b) above applying) the Availability Failure Deductions calculated pursuant to paragraphs 4.1.2 or 4.1.3 (as applicable) arising in the fourth and any subsequent Contract Month in respect of the relevant Availability Failure(s) shall be multiplied by 2,

unless in the case of each of (a), (b) and (c) above, Project Co is able to demonstrate (to the Authority's satisfaction (acting reasonably)) that the underlying cause of each Availability Failure is not of the same or of a similar nature. Availability Failures shall be deemed to have the same underlying cause where such failures arise from an action of Project Co, a breach by Project Co of its obligations under this Agreement or where such failures could have been reasonably avoided by Project Co.

4.2 Performance Failure Deductions

4.2.1 Performance Failure Deductions shall only apply to the sections of the Project Road to which a Permit to Use has been granted.

4.2.2 Performance Failure Deductions (Section)

In any Contract Month, a PFD Section shall apply for a Carriageway Section for any Day or part thereof during which PFP Section are incurred for that Carriageway Section, calculated as follows:

- (a) prior to the Actual Completion Date being achieved the PFD Section shall be:

$$\text{PFD Section} = \frac{\text{Services Fee}}{\text{No of days in Payment Month}} \times \frac{\text{SW}_s}{\text{TSW}_s\text{CP}} \times \frac{\text{A}}{100}$$

- (b) when the Actual Completion Date has been achieved the PFD Section shall be:

$$\text{PFD Section} = \frac{\text{Services Fee}}{\text{No of days in Payment Month}} \times \text{SW}_s \times \frac{\text{A}}{100}$$

in each case where:

SW_s is the section weighting for the relevant Carriageway Section as identified in the column headed **SW_s** in the table forming Appendix 2; and

TSW_sCP means the total SWs applicable to the relevant Phase or Phases where the Permit to Use has been granted; and

A is the number of PFP Section relating to any Sectional Performance Failures.

4.2.3 Performance Failure Deductions (Whole)

In any Contract Month, a PFD Whole shall apply for any Day or part thereof during which PFP Whole are incurred, calculated as follows:

$$\text{PFD Whole} = \frac{\text{Services Fee}}{\text{No of days in Payment Month}} \times \frac{A}{100}$$

where:

A is the number of PFP Whole relating to any Whole Road Performance Failures.

4.2.4 PFD Section and PFD Whole

- (a) Notwithstanding that a PFD Whole in respect of a Whole Road Performance Failure is applied, PFD Section may also be applied simultaneously.
- (b) PFD Whole may be applied from the Phase Completion Date for the first Phase to receive a Permit to Use.

4.3 Availability Failure Deductions and Performance Failure Deductions

Notwithstanding that Availability Failure Deductions are applied to a Carriageway Section, such Carriageway Sections may also be subject to Performance Failure Deductions at the same time.

4.4 Monitoring

- 4.4.1 Monitoring shall be undertaken by Project Co in accordance with the procedures set out in Clause 26 (*Monitoring of Performance*) of this Project Agreement.
- 4.4.2 Without prejudice to paragraph 7, if the Authority becomes aware that Project Co has failed to log any Availability Failure, then the Carriageway Section in which the Availability Failure occurred shall be deemed to have been unavailable for the whole Day on which the Availability Failure occurred (and for any such additional period during which the Availability Failure subsisted) and Availability Failure Deductions will be calculated accordingly. If the Authority becomes aware of any failure to log an Availability Failure after the calculation of the relevant Monthly Service Payment, the provisions of paragraph 7 shall apply.

4.5 Resolution of failures

Resolution of failures in respect of Availability Criteria shall be considered to have been achieved when the failure to comply with the relevant Availability Criteria has been remedied or rectified and such remediation or rectification has been notified pursuant to paragraph 7.1.1.

5 Services and Management Activities

5.1 Calculation of Performance Failure Points

5.1.1 Where a Performance Failure arises, Performance Failure Points shall be applied (at the levels set out in Part 1 and Part 2 of Appendix 5) on a Daily basis (unless otherwise provided in Part 1 of Appendix 5 in which case the Performance Failure Points shall be applied in accordance with the time periods which are set out in Appendix 5 and paragraph 5.1.2 below) and in accordance with paragraphs 5.2, 5.3, 5.4 and 5.5 below.

5.1.2 Where pursuant to Part 1 of Appendix 5, Performance Failure Points are to be applied on:

- (a) a monthly basis, for the purpose of calculating the period of time for which Performance Failure Points shall be applied, a month shall be measured as a period commencing on the date on which the Performance Failure first occurred until and including the preceding date within the following month; or
- (b) an hourly basis, for the purpose of calculating the period of time for which Performance Failure Points shall be applied, hours shall be measured as a period of sixty (60) minutes from the actual time the Performance Failure first occurred,

and in each case the Performance Failure Points set out in Part 1 of Appendix 5 shall be reapplied in respect of each complete or partial period set out in paragraphs 5.1.2(a) or 5.1.2(b) above (as applicable) until the Performance Failure is resolved. Where Performance Failures to which this paragraph 5.1.2 applies overlap more than one (1) Day, for the purposes of the formulas set out in paragraph 4.2, the Performance Failure Points shall be applied to the Day on which the relevant Performance Failure arose or was reapplied, as applicable.

5.2 Performance Failure Deduction Repetitions

5.2.1 If in any two consecutive Contract Months Performance Failure Points are incurred in respect of the same Service, the number of Performance Failure Points incurred in respect of that Service in the second Contract Month shall be multiplied by 1.25.

5.2.2 If in any three consecutive Contract Months Performance Failure Points are incurred in respect of the same Service, then (in addition to paragraph 5.2.1 above applying) the number of Performance Failure Points incurred in respect of that Service in the third Contract Month shall be multiplied by 1.5.

5.2.3 If in any four or more consecutive Contract Months Performance Failure Points are incurred in respect of the same Service, then (in addition to paragraphs 5.2.1 and 5.2.2 above applying) the number of Performance Failure Points incurred in respect of that Service in the fourth and any subsequent Contract Month shall be multiplied by 2.0.

5.3 Shortfalls in Services (Non-Specific)

5.3.1 If Project Co fails to meet any part of the Services (Non-Specific) Project Co shall notify the Authority in accordance with paragraph 7 of this Schedule and Section 1 (*Service Level Specification*) of Schedule 12 (*Service Requirements*).

5.3.2 The Authority may serve a Performance Failure Notice on Project Co:

- (a) on receipt of the notice referred to in paragraph 5.3.1, or

-
- (b) on becoming aware of a failure by Project Co to meet any part of the Services (Non-Specific),

and the Performance Failure Notice shall set out the Service Rectification Period and the classification of the type of Services (Non-Specific) Failure (as set out in Part 2 of Appendix 5 and which shall include whether the Services (Non-Specific) Failure is 'Sectional' or 'Whole Road').

- 5.3.3 The Service Rectification Period and the classification of the Services (Non-Specific) Failure shall be such period and such classification as shall be reasonable in all the circumstances. If Project Co disputes the Service Rectification Period or the classification of the Services (Non-Specific) Failure the parties shall meet to discuss and use reasonable endeavours to agree the Service Rectification Period and/or the classification of the Services (Non-Specific) Failure (as applicable). If the parties cannot agree the Service Rectification Period or the classification of the Services (Non-Specific) Failure within ten (10) Business Days of the Performance Failure Notice the matter may be referred to the Dispute Resolution Procedure.
- 5.3.4 If Project Co does not dispute the Service Rectification Period or the classification of the Services (Non-Specific) Failure within ten (10) Business Days of the Performance Failure Notice, then the Service Rectification Period and classification of the Services (Non-Specific) Failure specified in that Performance Failure Notice shall be deemed to have been agreed by both parties and may not thereafter be challenged.
- 5.3.5 Examples of the classification of certain Services (Non-Specific) Failures are given in Part 2 to Appendix 5 which examples shall be used as a guide by the Authority in allocating a classification pursuant to paragraph 5.3.2 and/or, if relevant, by Project Co in disputing a classification pursuant to paragraph 5.3.4.
- 5.4 If a Performance Failure occurs (whether in relation to Services (Non-Specific) or Services (Specific)) then Performance Failure Points shall be applied (as provided for in paragraphs 5.1.1 and 5.1.2) from the occurrence of the Performance Failure (which in relation to Services (Non-Specific) where there is an applicable Service Rectification Period shall be from the expiry of the relevant Service Rectification Period) until the Performance Failure has been resolved.

5.5 Services Management Activities

5.5.1 Corrective Action Request

- (a) If Project Co fails to comply with a Corrective Action Request generated as a result of an audit carried out by Project Co or the Authority in terms of Part 1 (*Authority's Quality Plan Requirements*) of Section 3 (*Services Quality Plans*) of Schedule 12 (*Service Requirements*) identifying a failure to comply with the Services Quality Plan within the period specified in that Corrective Action Request such failure shall be a Performance Failure.
- (b) Performance Failure Points specified against the Service 'Provide Services Management Activities' shall be applied in respect of such Performance Failure on a Daily basis from the expiry of the period specified in the relevant Corrective Action Request until the Performance Failure has been resolved.

5.5.2 Repetition of Corrective Action Requests

- (a) If a Corrective Action Request is generated in respect of the same failure to comply with the Services Quality Plans in the course of three or more consecutive audits (whether Project Co audits or the Authority audits) then,

notwithstanding the period specified in the relevant Corrective Action Request for compliance, such failure shall be a Performance Failure immediately on the issue of the third Corrective Action Request and immediately on the issue of each subsequent Corrective Action Request, arising from a consecutive audit, in respect of the same failure.

- (b) Performance Failure Points specified against the Service 'Provide Services Management Activities' shall be applied in respect of such Performance Failure on a Daily basis from the date of issue of such third or subsequent Corrective Action Request until the Performance Failure has been resolved.
- (c) For the purposes of this paragraph an audit shall be a consecutive audit if it is the next audit which audits compliance with that element of the Services Quality Plans which has been the subject of the Corrective Action Request, notwithstanding that audits in respect of other Services Management Activities may have been conducted in the intervening period.

5.6 Resolution of failures

5.6.1 Services

Resolution of failures in respect of Services shall be considered to have been achieved when the failure to comply with the relevant Performance Standards and relevant provisions within the Service Level Specification has been remedied or rectified and such remediation or rectification has been notified pursuant to paragraph 7.1.1.

5.6.2 Services Management Activities

Resolution of failures in respect of Services Management Activities shall be considered to have been achieved when the Project Co has complied with all the terms of the Corrective Action Request and this has been notified pursuant to paragraph 7.1.1.

5.6.3 Temporary Measures

Where there has been a failure to meet the relevant Availability Criteria or achieve the relevant Performance Standard for a Service, and Project Co has used temporary measures or repairs in order to meet such Availability Criteria or achieve such Performance Standard for that Service, Project Co shall replace such temporary measures or repairs with permanent ones within the period specified in Part 3 (*Routine Service*) of Section 1 (*Service Level Specification*) of Schedule 12 (*Service Requirements*) in respect of that particular Service or, where no such period is specified, within twenty eight (28) days of the date of the relevant Availability Criteria or Performance Standard (as applicable) not having been met or achieved as aforesaid. Failure to effect such replacement within the requisite time period shall trigger the application of the relevant provisions of this Schedule 14 (*Payment Mechanism*) in respect of the relevant Availability Failure or Performance Failure. Project Co shall, upon being requested to do so by the Authority, demonstrate to the Authority what steps it has taken to achieve such permanent measures (including replacement if required) or repairs.

6 Lane Occupation Charges

6.1 Lane Occupation Charges

Lane Occupation Charges shall accrue during the Construction Phase in accordance with the provisions of Appendix 7.

7 Reporting of Deductions

7.1 Project Co's obligation to notify

7.1.1 Without prejudice to Project Co's other reporting and notification obligations within this Agreement, Project Co shall promptly notify in writing all Availability Failures, Lane Occupations, Restricted Services Availability Failures, Restricted Services Performance Failures, Performance Failures, Community Benefits Payments and Construction Shortfalls ("**Project Shortfalls**") to the Authority, and in any event within twenty four (24) hours of the relevant Project Shortfall arising. Such notification shall specify the time at which such Project Shortfall arose, whether or not the Project Shortfall is continuing (and if not continuing the time at which the Project Shortfall was remedied or rectified) and the nature of the Project Shortfall. Following remediation or rectification of each Project Shortfall (if remedied or rectified following Project Co's notification to the Authority pursuant to this paragraph 7.1.1), Project Co shall make a further notification to the Authority, promptly (and in any event within twenty four (24) hours of remediation or rectification).

7.1.2 The information required to be notified to the Authority pursuant to paragraph 7.1.1 above (together with such additional information in relation to the nature of the Project Shortfall to enable the Authority to calculate any associated Deduction) shall also be recorded by Project Co via Viewpoint for Projects during the Construction Phase (and an alternative project information system, to be agreed with the Authority, during the Operational Term) within five (5) days of the occurrence of the Project Shortfall and within five (5) days of the subsequent remediation or rectification of the Project Shortfall (as applicable). Where such information is recorded within the required timescales for notification to the Authority set out at paragraph 7.1.1 above, this shall satisfy Project Co's notification obligations under paragraph 7.1.1.

7.2 Failure by Project Co to notify and/or report

7.2.1 Where Project Co fails to include a Deduction associated with a Project Shortfall (as notified pursuant to paragraphs 7.1.1 and/or 7.1.2 above) within the relevant Monthly Invoice, the Authority may give written notice to Project Co of such failure and (subject to paragraph 7.2.3) provided that such notice is given to Project Co within two (2) Contract Months of the Contract Month in which the relevant Monthly Invoice was submitted to the Authority, the Authority shall be entitled to apply the relevant Deduction against the next Monthly Service Payment (or subsequent Monthly Service Payment(s) in accordance with paragraph 2.1.3 above).

7.2.2 Where Project Co fails to notify a Project Shortfall in accordance with paragraph 7.1.1 and/or 7.1.2 and any Deductions associated with such Project Shortfall are not subsequently reported within the relevant Monthly Invoice, following the Authority's discovery of such failure, the Authority shall notify Project Co within twenty (20) Business Days of it becoming aware of such failure and shall include within its notification details of any entitlement the Authority would have had to apply Deductions had such Project Shortfall and/or associated Deductions been reported in accordance with this Agreement. Subject to paragraph 7.2.3 below, provided that the Authority's notification to Project Co pursuant to this paragraph is made within twelve (12) months of the date on which the Deductions associated with such Project Shortfall should have been included in a Monthly Invoice, the Authority shall be entitled to apply any such associated Deductions against the next Monthly Service Payment (following its notification to Project Co), or subsequent Monthly Service Payment(s) in accordance with paragraph 2.1.3 above.

7.2.3 In circumstances where Project Co fails to include a Deduction within the relevant Monthly Invoice or to notify a Project Shortfall (as referred to in paragraphs 7.2.1 and 7.2.2 above) and such failure is as a result of:

- (a) fraudulent action or inaction;
- (b) deliberate misrepresentation; and/or
- (c) gross misconduct or gross incompetence,

the two (2) Contract Month limitation period specified in paragraph 7.2.1 or the twelve (12) month limitation period specified in paragraph 7.2.2 above (as applicable) shall not apply and the Authority shall be entitled to apply any relevant Deductions which would have accrued from the Commencement Date.

7.2.4 Where the Authority becomes entitled to apply a Deduction pursuant to the provisions of this paragraph 7, when the Deduction is applied the Authority shall also be entitled to apply a Reporting Failure Deduction.

7.3 Subject to paragraph 7.4, where through the operation of this paragraph 7, the Authority becomes entitled to apply an Availability Failure Deduction, Performance Failure Deduction, Restricted Services Availability Failure Deduction and/or Restricted Services Performance Failure Deduction, for the purposes of the Restricted Services Deductions Cap, paragraphs 2.1.4, 4.1.4, 4.1.6 and 5.2 of this Schedule 14 (*Payment Mechanism*) and Clauses 26.3 (*Grounds for Warning Notices*), 44.1.8 (*Deductions*) and 44.1.9 (*Warning Notices*) (as applicable) such Deduction(s) shall be deemed to have arisen at the time when the Deduction(s) would have arisen had Project Co complied with its reporting and notification obligations under this Agreement.

7.4 For the purposes of paragraph 2.1.3 in relation to the carry forward of AFDs and PFDs only, where through the operation of this paragraph 7, the Authority becomes entitled to apply any Availability Failure Deductions and/or Performance Failure Deductions, such deductions shall be deemed to have arisen during the Contract Month in which the Authority first applied (or attempted to apply) the relevant deductions.

8 Adjustments to the Annual Service Payment

Whenever reference is made in this Agreement to the adjustment of the Annual Service Payment, the provisions of Section 6 (*Changing the Financial Model*) of Schedule 16 (*Change Protocol*) shall apply.

**APPENDIX 1
TIME WEIGHTING BY AVAILABILITY PERIOD**

Availability Period	Monday – Friday (excluding Bank Holidays)	Saturday, Sunday and Bank Holidays
[T]	[TW _t]	[TW _t]
00:00 – 01:59	[REDACTED]	[REDACTED]
02:00 – 03:59	[REDACTED]	[REDACTED]
04:00 – 05:59	[REDACTED]	[REDACTED]
06:00 – 07:59	[REDACTED]	[REDACTED]
08:00 – 09:59	[REDACTED]	[REDACTED]
10:00 – 11:59	[REDACTED]	[REDACTED]
12:00 – 13:59	[REDACTED]	[REDACTED]
14:00 – 15:59	[REDACTED]	[REDACTED]
16:00 – 17:59	[REDACTED]	[REDACTED]
18:00 – 19:59	[REDACTED]	[REDACTED]
20:00 – 21:59	[REDACTED]	[REDACTED]
22:00 – 23:59	[REDACTED]	[REDACTED]

APPENDIX 2
SECTION WEIGHTING BY CARRIAGEWAY SECTION

Each row within the following table denotes a Carriageway Section:

Ref	Direction of Travel	Components	Chainage [m]	SWs	
1	Eastbound	'Scheme start' – Croesbychan Junction (west)	950 – 4,600	[REDACTED]	
2	Eastbound	Croesbychan Junction (west) – Baverstock Junction (west)	4,600 – 7,250	[REDACTED]	
3	Eastbound	Baverstock Junction (west) – A470 Junction (west)	7,250 – 9,750	[REDACTED]	
4	Eastbound	A470 Junction (west) – Prince Charles Hospital Junction (west)	9,750 – 12,600	[REDACTED]	
5	Eastbound	Prince Charles Hospital Junction (west) – Dowlais Junction (west)	12,600 – 15,600	[REDACTED]	
6	Eastbound	Dowlais Junction (west) – 'Scheme End'	15,600 – 17,250	[REDACTED]	
7	Westbound	'Scheme End' – Dowlais Junction (west)	17,250 – 15,600	[REDACTED]	
8	Westbound	Dowlais Junction (west) – Prince Charles Hospital Junction (west)	15,600 – 12,600	[REDACTED]	
9	Westbound	Prince Charles Hospital Junction (west) – A470 Junction (west)	12,600 – 9,750	[REDACTED]	
10	Westbound	A470 Junction (west) – Baverstock Junction (west)	9,750 – 7,250	[REDACTED]	
11	Westbound	Baverstock Junction (west) – Croesbychan Junction (west)	7,250 – 4,600	[REDACTED]	
12	Westbound	Croesbychan Junction (west) – 'Scheme Start'	4,600 - 950	[REDACTED]	

**APPENDIX 3
AVAILABILITY FAILURE FACTORS**

1. Where the number of lanes provided in a carriageway changes within the length of a Carriageway Section, and the length of lane being subject to an Availability Failure extends through a change in number of lanes on the carriageway, the Availability Failure Factor to be applied shall be that taken from Tables 3.1 to 3.3 to achieve the highest Availability Failure Factor for the lane subject to Availability Failure.
2. Where traffic flow is operated in contraflow on a carriageway an Availability Failure Factor of 0.2 shall be applied to the carriageway upon which the contraflow is operating.¹
3. Where traffic flow is operated in shuttle working and/or convoy working on a carriageway an Availability Failure Factor of 0.2 shall be applied to the carriageway upon which the shuttle working is operating and added to the relevant Availability Failure Factor for that carriageway.²

Table 3.1: Dual Carriageway Links

Class of Dual Carriageway	No of Running Lanes on One Carriageway Subject to Availability Failure			
	0	1	2	
2 Lane Dual Carriageway	[REDACTED]	[REDACTED]	[REDACTED]	

Table 3.2: Single Carriageway Links

Class of Single Carriageway	No of Running Lanes Subject to Availability Failure		
	0	1	2
2 Lane Single Carriageway	[REDACTED]	[REDACTED]	[REDACTED]
1 Lane Single Carriageway	[REDACTED]	[REDACTED]	

¹ By way of example, for two-lane dual carriageways, if one carriageway is subject to an Availability Failure (affecting both lanes) and the other carriageway is operating in contraflow, the Availability Failure Factor for the carriageway subject to an Availability Failure would be 1.0 and the Availability Failure Factor for the carriageway with the contraflow would be 0.2.

² By way of example, if one of two lanes on a dual carriageway is used for shuttle working and/or convoy working and the other lane is subject to an Availability Failure, the Availability Failure Factor shall be 0.5 + 0.2.

Table 3.3: Roundabouts

Class of Roundabout (Number of Circulating Lanes)	No of Circulating Lanes Subject to Availability Failure				
	0	1	2	3	4
4 Lane Circulating Carriageway	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
3 Lane Circulating Carriageway	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	
2 Lane Circulating Carriageway	[REDACTED]	[REDACTED]	[REDACTED]		

Table 3.4: Slip Roads

Absence or Presence and Use of Hard Shoulder	No of Lanes Subject to Availability Failure				
	Two Lane Slip Roads			One Lane Slip Road	
	0	1	2	0	1
Value of Availability Failure Factor when hard shoulder not existing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Value of Availability Failure Factor when hard shoulder existing, but not available	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Value of Availability Failure Factor when hard shoulder available and used as a hard shoulder	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Value of Availability Failure Factor when hard shoulder available and used as a running lane	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

APPENDIX 4
AVAILABILITY CRITERIA AND RESTRICTED SERVICES AVAILABILITY CRITERIA

Table 4.1: Availability Criteria

Availability Criteria	Requirements	Rectification Period (none, unless otherwise stated) (numbering in this column corresponds with the numbering in the 'Requirements' column)
Free from obstructions etc	<p>There is no obstruction, closure or blockage of or interference with the relevant Lane arising from:</p> <ul style="list-style-type: none"> i. works (including Type C Works) or inspections, investigations or surveys whether carried out by Project Co, Statutory Undertakers, or any other person; ii. accidents; iii. vehicle breakdowns or illegal parking in a Running Lane; iv. Emergencies; v. reasons of health and safety; vi. protestor action; vii. build-up of snow or ice on the carriageway surface; viii. flooding; or ix. any other action or omission by Project Co, a Project Co Party or any person authorised by the Project Co. 	<p>(ii) 2 hours;</p> <p>(iii) 30 minutes from the time the Project Co (or a Project Co Party) is notified of (or otherwise became or should have become aware of) the breakdown or illegal parking</p> <p>(iv) in circumstances where a carriageway or carriageways have been closed by the police, 30 minutes from the time the police or other appropriate authority advises the Project Co (or a Project Co Party) that the road can be re-opened to vehicular traffic (provided always that where limb (b) of Excusing Cause applies, the 30 minutes referred to in this column shall be the same 30 minute period as that referred to in limb (b) of Excusing Cause).</p>
Meets minimum performance criteria	<p>The minimum performance criteria as more particularly specified in Tables 2.1 (<i>Maintenance Assessment Surveys Surface Characteristics</i>) and 2.2 (<i>Maintenance Assessment Surveys - Structural Performance</i>) of Part 4 (<i>Programmed Maintenance</i>)</p>	

Availability Criteria	Requirements	Rectification Period (none, unless otherwise stated) (numbering in this column corresponds with the numbering in the 'Requirements' column)
	<p>(including Lifecycle Replacement) of Section 1 (Service Level Specification) of Schedule 12 (Service Requirements), are met which criteria may, without prejudice to the foregoing provisions, be summarised as:</p> <ul style="list-style-type: none"> i. Skidding Resistance: Not less than the Investigatory Levels in Table 4.1 of HD 28; ii. Ride Quality: Category 3, Table 2A.2 to HD29; iii. Rutting: Category 2 (6mm) or lower for any 100m section. Table 2A.1 to HD29 of the DMRB; <p>Structural Performance:</p> <ul style="list-style-type: none"> iv. No wheel track cracking and crack severity 1 for reflective cracking. Table 6.2 to HD30; v. Residual life of flexible pavement: >0 	
<p>Current minimum performance criteria reports submitted to the Authority</p>	<p>Current road condition survey reports in accordance with the requirements of paragraph 2.2 (Programmed Maintenance) of Part 4 (Programmed Maintenance (including Lifecycle Replacement)) of Section 1 (Service Level Specification) of Schedule 12 (Service Requirements) have been submitted for the following:</p> <ul style="list-style-type: none"> i. High Speed Survey; ii. SCRIM Survey; iii. Deflectograph Survey 	
<p>Narrow Lanes</p>	<p>Observe Good Industry Practice on minimum lane widths and comply with the provisions of Chapter 8 of the Traffic Signs Manual</p>	

Table 4.2: Restricted Services Availability Criteria

<p>Restricted Services Availability Criteria</p>	<p>Requirements</p>	<p>Rectification Period (none, unless otherwise stated) (numbering in this column corresponds with the numbering in the 'Requirements' column)</p>
<p>Free from obstructions etc</p>	<p>There is no obstruction, closure or blockage of or interference with the relevant Lane arising from:</p> <ul style="list-style-type: none"> i. works (including Type C Works) or inspections, investigations or surveys whether carried out by Project Co, Statutory Undertakers, or any other person; ii. accidents; iii. vehicle breakdowns or illegal parking in a Running Lane; iv. Emergencies; v. reasons of health and safety; vi. protestor action; vii. build-up of snow or ice on the carriageway surface; viii. flooding; or ix. any other action or omission by the Project Co, a Project Co Party or any person authorised by the Project Co. 	<p>(ii) 30 minutes where traffic management is in place on the relevant Lane; 2 hours in all other circumstances.</p> <p>(iii) 30 minutes from the time the Project Co (or a Project Co Party) is notified of (or otherwise became or should have become aware of) the breakdown or illegal parking.</p> <p>(iv) in circumstances where a carriageway or carriageways have been closed by the police, 30 minutes from the time the police or other appropriate authority advises the Project Co (or a Project Co Party) that the road can be re-opened to vehicular traffic (provided always that where limb (b) of Restricted Services Exception applies, the 30 minutes referred to in this column shall be the same 30 minute period as that referred to in limb (b) of Restricted Services Exception).</p>

Restricted Services Availability Criteria	Requirements	Rectification Period (none, unless otherwise stated) (numbering in this column corresponds with the numbering in the 'Requirements' column)
Narrow Lanes	Observe Good Industry Practice on minimum lane widths and comply with the provisions of Chapter 8 of the Traffic Signs Manual.	

APPENDIX 5

**PART 1
SERVICES (SPECIFIC)**

In relation to each Service (Specific) set out within the table below, the Performance Standard applicable to each Service (Specific) shall be the standard identified within the relevant section of the Agreement (as is cross-referred to within the 'Performance Standard' column below). Where a summary of a Performance Standard has been included within the 'Performance Standard' column, this is for context only and shall not have the effect of limiting, extending or amending the standard set out within the relevant section of the Agreement.

	Services (Specific)	Performance Standard	Performance Failure Points
1.	Changes to asset recorded in Asset Management System (AMS)	Record asset repairs, upgrades, changes or removals in Asset Management System (Paragraph 1.13 in Part 2 (<i>Operations</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
2.	Answer Customer Helpline	Answering 70% of all telephone calls within 15 seconds and 100% of all calls within 120 seconds (Paragraph 2.7 in Part 2 (<i>Operations</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
3.	Contingency Planning and Incident Management	Submit an Incident Response Plan to Authority (Paragraph 3.4 in Part 2 (<i>Operations</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
		Appoint Incident Liaison Officer and notify Authority (Paragraph 3.8 in Part 2 (<i>Operations</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
		Provide an incident response service in accordance with the Response Durations (Paragraph 3.22 to 3.23 in Part 2 (<i>Operations</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
		Submission of Situation Report (Paragraph 3.31 in Part 2 (<i>Operations</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]

	Services (Specific)	Performance Standard	Performance Failure Points
		Submit Incident Report within five (5) Business Days (Paragraph 3.31 in Part 2 (<i>Operations</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
		Forward an Initial Project Co Statement including the road death notification to the Authority (Paragraph 3.36 in Part 2 (<i>Operations</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
		Project Co shall forward the Detailed Fatal Collision Report to the Authority (Paragraph 3.37 in Part 2 (<i>Operations</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
4.	Emergency lane Closures	Notify the Traffic Management Centre within the specified time periods (Paragraph 6.7 in Section 2 (<i>Network Occupancy Management</i>) of Schedule 35 (<i>Network Management</i>))	[REDACTED]
5.	Records of actual road or lane closures	Create or update records of all road or lane closures within 72 hours of the road, or lane of the road, reopening. (Paragraph 6.10 in Section 2 (<i>Network Occupancy Management</i>) of Schedule 35 (<i>Network Management</i>))	[REDACTED]
6.	Temporary Traffic Management Measures	Speed enforcement signs and systems (Paragraph 7.5 in Section 2 (<i>Network Occupancy Management</i>) of Schedule 35 (<i>Network Management</i>))	[REDACTED]
7.	Temporary Traffic Management Measures	Provide a minimum of one Lane in each direction between the hours of 06.00 and 20.00 (Paragraph 7.3 in Section 2 (<i>Network Occupancy Management</i>) of Schedule 35 (<i>Network Management</i>))	[REDACTED]
8.	Temporary Traffic Signals (TTS)	Approval required to be obtained before commencement of work (Paragraph 2.26 in Section 2 (<i>Network Occupancy Management</i>) of Schedule 35 (<i>Network Management</i>))	[REDACTED]

	Services (Specific)	Performance Standard	Performance Failure Points
9.	Temporary Traffic Regulation Orders	Submission of requests for TTRO (Paragraph 7.13 in Section 2 (<i>Network Occupancy Management</i>) of Schedule 35 (<i>Network Management</i>))	[REDACTED]
10.	Activity Data Entry Requirements	Minimum requirements for advance entry of data into the Asset Management System (Paragraph 3.17 in Section 2 (<i>Network Occupancy Management</i>) of Schedule 35 (<i>Network Management</i>))	[REDACTED]
11.	Creation, Review and Updating of the NOMP	Paragraph 2.3 in Section 2 (<i>Network Occupancy Management</i>) of Schedule 35 (<i>Network Management</i>)	[REDACTED]
12.	Publicity/Communication of Roadwork Events	Paragraph 7.17 in Section 2 (<i>Network Occupancy Management</i>) of Schedule 35 (<i>Network Management</i>)	[REDACTED]
		Paragraph 7.18 in Section 2 (<i>Network Occupancy Management</i>) of Schedule 35 (<i>Network Management</i>)	[REDACTED]
13.	Third Party Claims	Process third party claims (Paragraphs 4.16 of Part 2 (<i>Operations</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
14.	Inspection of Statutory Undertaker's Works	Performance measurement of the Statutory Undertakers' works (Paragraph 5.8 in Part 2 (<i>Operations</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
		Inspections to be carried out as per requirements (Paragraphs 5.6, 5.10, 5.11 and 5.14 Part 2 (<i>Operations</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
		Provide Authority with monthly Asset Management System reports (Paragraph 5.26 in Part 2 (<i>Operations</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]

	Services (Specific)	Performance Standard	Performance Failure Points
15.	Routine Maintenance and Management System	Category 1 Defects to be recorded within the RMMF within 24 hours of identification (first sentence of Paragraph 2.3 in Part 3 (<i>Routine Service</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
		Category 2 Defects to be recorded within the RMMF within 4 Business Days of identification (second sentence of Paragraph 2.3 in Part 3 (<i>Routine Service</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
		Correct RMMF data errors or omissions within 4 Business Days of Project Co becoming aware (Paragraph 2.8 in Part 3 (<i>Routine Service</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
16.	Identification, Mitigation and Repair of Category 1 Defects	Category 1 Defects to be identified, mitigated and repaired within the Identification Period, Hazard Mitigation Period and Permanent Repair Periods (Paragraphs 3.5, 3.8, 3.9, 3.10 and 3.17 (as applicable) in Part 3 (<i>Routine Service</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
17.	Permanent Repair of Category 2 Defects	Category 2 Defects to be repaired within the Permanent Repair Period (Paragraph 3.7 and 3.19 in Part 3 (<i>Routine Service</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]

	Services (Specific)	Performance Standard	Performance Failure Points
18.	Inspections	Carry out Detailed Inspections in accordance with Paragraph 4.16 in Part 3 (<i>Routine Service</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>) and any permitted deviation in accordance with Paragraph 4.19 or Paragraph 4.22 in Part 3 (<i>Routine Service</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>)	[REDACTED]
		Submission of a programme of inspections (Paragraph 4.4 in Part 3 (<i>Routine Service</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
19.	Programmed Maintenance	Submission of an Asset Management Plan (Paragraphs 1.2, 1.3 and 1.4 of Part 4 (<i>Programmed Maintenance (including Lifecycle Replacement)</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
20.	Adverse Weather Service and Adverse Weather Plan	Develop, update and submit AWP (Paragraph 3.21 Part 5 (<i>Winter Service and Adverse Weather Service</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
21.	Precautionary Treatment (Winter Service)	Provide minimum capability of salt stocks during the Winter Service Period (Paragraph 3.22 in Part 5 (<i>Winter Service and Adverse Weather Service</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
		Provide a precautionary treatment response and a reactive treatment response (Paragraph 3.22 in Part 5 (<i>Winter Service and Adverse Weather Service</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
22.	Response Times, Treatment Times and	Provide hourly situation reports for on-going Adverse Weather (Paragraph 3.23 in Part 5 (<i>Winter Service and Adverse Weather Service</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]

	Services (Specific)	Performance Standard	Performance Failure Points
		Provide a maximum 1-hour response time (Paragraph 3.24 in Part 5 (<i>Winter Service and Adverse Weather Service</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
		Provide a maximum treatment time of two (2) hours (Paragraph 3.25 in Part 5 (<i>Winter Service and Adverse Weather Service</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
		Complete precautionary treatment no later than one (1) hour before the forecasted freezing temperatures or snowfall (Paragraph 3.26 in Part 5 (<i>Winter Service and Adverse Weather Service</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
23.	Provide Services Management Activities	Take corrective action (Paragraph 3.2 of Part 1 (<i>Authority's Quality Plan Requirements</i>) of Section 3 (<i>Services Quality Plan</i>) of Schedule 12 (<i>Service Requirements</i>)).	[REDACTED]
		Submit all relevant audit reports and summary sheets to Authority (Paragraphs 10.7 and 10.8 of Part 1 (<i>Authority's Quality Plan Requirements</i>) of Section 3 (<i>Services Quality Plan</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
24.	Site safety and security	Comply with site safety and security obligations in accordance with Clause 28.6 (<i>Safety and security of the site during the provision of the Services</i>)	[REDACTED]
25.	Roads Liaison Procedure	Comply with the Roads Liaison Procedure	[REDACTED]
26.	EPMEMP	Project Co shall manage the Soft Estate in accordance with the EPMEMP (Paragraph 16.2 in Part 3 (<i>Routine Service</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]
27.	SMEMP	Project Co shall manage the Soft Estate in accordance with the SMEMP (Paragraph 16.2 in Part 3 (<i>Routine Service</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>))	[REDACTED]

PART 2
SERVICES (NON-SPECIFIC)

Class of Services (Non-Specific) Failure	Performance Standard	Performance Failure Points
Class A	Comply with Performance Failure Notice within Service Rectification Period specified therein	[REDACTED]
Class B	Comply with Performance Failure Notice within Service Rectification Period specified therein	[REDACTED]
Class C	Comply with Performance Failure Notice within Service Rectification Period specified therein	[REDACTED]

Where:

Class A means a failure in the provision of any Service which results in a risk to the health and safety of Users and/or any person authorised to be on the Site;

Class B means a failure in the provision of any Service which results in a material reduction in the level of the overall standard of Service by Project Co in the provision of the Project Operations or has a material adverse impact on the amenity of the Site; and

Class C means a failure in the provision of any Service which has a non-material effect on the overall standard of Service by Project Co in the provision of the Project Operations or on the amenity of the Site.

Examples of the Services (Non-Specific) which would fall within each of the above Classes are:

Services by Classification	Requirements	Performance Standard	Deviation	Performance Failure Points
Class A				
Carry out Flood Patrol	Paragraph 4.4 of Part 5 (<i>Winter Service and Adverse Weather Service</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>)	During or immediately after periods of very heavy or prolonged precipitation	Nil	[REDACTED]
Class B				
Cutting of amenity grassland	Paragraph 16.42.2(b) of Part 3 (<i>Routine Service</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>)	Once a year	Nil	[REDACTED]

Services by Classification	Requirements	Performance Standard	Deviation	Performance Failure Points
Class C				
Repair defective gap sealant to movement joints	Paragraph 8.22.1(e) of Part 3 (<i>Routine Service</i>) of Section 1 (<i>Service Level Specification</i>) of Schedule 12 (<i>Service Requirements</i>)	As required	Nil	[REDACTED]

**APPENDIX 6
RESTRICTED SERVICES**

**Table 6.1: Schedule of Restricted Services Deductions Caps
[REDACTED]**

**APPENDIX 7
PART 1
LANE OCCUPATION CHARGES**

1 Application of Lane Occupation Charges

1.1 Lane Occupation Charges shall accrue during the Construction Phase in accordance with the provisions of this Appendix 7.

1.2 Subject to paragraph 2 of this Appendix 7, in respect of each Lane, a Lane Occupation Charge will accrue for each Lane Occupation Period (or part of a Lane Occupation Period) where a Lane or part of a Lane within:

1.2.1 a Trunk Road Section;

1.2.2 an Access Road; or

1.2.3 a Local Authority Road,

is subject to a Lane Occupation. Where a Lane Occupation continues for part of a Lane Occupation Period, the applicable Lane Occupation Charge shall accrue in respect of that part of a Lane Occupation Period as if the Lane Occupation had continued for the full Lane Occupation Period.

1.3 Subject to the other provisions of this Appendix 7, the level of Lane Occupation Charge which shall accrue in relation to a Lane Occupation will depend on:

1.3.1 the time period(s) during which the Lane Occupation is continuing;

1.3.2 the Trunk Road Section, Access Road or Local Authority Road which is affected by the Lane Occupation; and

1.3.3 in relation to Trunk Road Sections, the Direction of Travel of the affected Lane,
(as set out in the Annex to this Appendix 7).

1.4 Where a Permit or Permits to Use have been issued:

1.4.1 in respect of a whole Trunk Road Section, Lane Occupation Charges shall accrue in relation to the period up to the date when a Permit or Permits to Use covering the whole Trunk Road Section have been issued and shall not accrue thereafter; and

1.4.2 in respect of part of a Trunk Road Section, Lane Occupation Charges in respect of that Trunk Road Section will still accrue in accordance with this Appendix 7.

Lane Occupation Charges in respect of Access Roads and Local Authority Roads will accrue, where applicable, for the full Construction Phase, notwithstanding the fact that a Permit or Permits to Use may have been issued on any Trunk Road Section.

1.5 Where a Lane Occupation Period overlaps any of the time periods set out in the first column of Tables 1 to 4 within the Annex, the Lane Occupation Charge accrued in respect of the relevant Lane Occupation shall be that with the highest value for the two relevant periods.

1.6 Where the Authority has determined that the continuance of any Lane Occupation is undesirable and/or impracticable because of adverse weather conditions or other physical conditions, the Authority may at its discretion require Project Co to cease the Lane Occupation and may decide (acting reasonably) in such circumstances to waive any or all LOCs relating to that Lane Occupation. The Authority shall only consider waiving any LOCs

in circumstances where prior to the Authority requiring Project Co to cease the Lane Occupation, in the opinion of the Authority Project Co took all reasonable steps to mitigate the effects of the relevant adverse weather conditions or other physical conditions and to remove all restrictions to traffic on those Lanes not subject to Lane Occupations.

- 1.7 Project Co is only permitted to undertake a Lane Occupation to the extent that such Lane Occupation is an Allowable Lane Occupation.

2 Free Lane Occupations

A Lane Occupation Charge will not accrue in respect of a Lane Occupation which is a Free Lane Occupation.

3 Shuttle Working Charges

Where a Lane Occupation arises in relation to a Trunk Road Section and as result of such Lane Occupation, Shuttle Working is used on an adjacent Lane, the Lane Occupation Charges accrued on the Lane which is subject to the Lane Occupation shall be those shown in Table 2 of the Annex and the Lane Occupation Charges shown in Table 1 of the Annex shall not apply to that Lane. The existence of Shuttle Working on the relevant adjacent Lane shall not of itself give rise to a Lane Occupation. Where Shuttle Working is used on an Access Road or Local Authority Road, the relevant Lane Occupation Charges shall be those set out in Tables 1, 3 and 4 of the Annex (as applicable).

4 Access Road Lane Occupation

Where an Access Road Lane Occupation arises, Lane Occupation Charges will accrue on the following bases:

- 4.1 where the Access Road only has access to one Direction of Travel on the Project Road, connects to one Trunk Road Section and serves either an entry or an exit or serves both entry and exit, the Lane Occupation Charge accrued shall be that set out within Table 1 or Table 4 (as applicable) of the Annex for the Trunk Road Section to which the Access Road connects for the relevant Direction of Travel;
- 4.2 where the Access Road only has access to one Direction of Travel on the Project Road, connects to two Trunk Road Sections and serves either an entry or an exit or serves both entry and exit, the Lane Occupation Charge accrued shall be that set out within Table 1 or Table 4 (as applicable) of the Annex for one of the Trunk Road Sections to which the Access Road connects (being the section with the highest Lane Occupation Charge), for the relevant Direction of Travel;
- 4.3 where the Access Road has access to two Directions of Travel on the Project Road, connects to two Trunk Road Sections and serves both entry and exit, the Lane Occupation Charge accrued shall be the highest possible individual Lane Occupation Charge included within Table 1 or Table 4 of the Annex (as applicable) in respect of the two Trunk Road Sections to which the Access Road connects and the two Directions of Travel; or
- 4.4 where the Access Road has access to two Directions of Travel on the Project Road, connects to one Trunk Road Section and serves both entry and exit, the Lane Occupation Charge accrued shall be that set out within Table 1 or Table 4 (as applicable) of the Annex for the Trunk Road Section to which the Access Road connects for the Direction of Travel with the highest Lane Occupation Charge.

5 Emergency Lane Occupations

- 5.1 Where under this Agreement Project Co is required to undertake activities in connection with Project Emergencies that require a Lane Occupation, Project Co shall identify in the Monthly Service Report the number and time periods of these Lane Occupations.

-
- 5.2 Where the Authority agrees that a Lane Occupation was necessary solely for undertaking activities in connection with a Project Emergency, that Project Co has taken all reasonable steps to mitigate the impact of such activities and that the Lane Occupation was not used for any other purpose then it shall be deemed to be an **"Emergency Lane Occupation"**. Failing agreement between the Authority and Project Co as to whether an Emergency Lane Occupation has arisen, the Authority's decision shall be final.
- 5.3 Exempt Lane Occupations shall be disregarded for the purposes of calculating the accrued total Lane Occupation Charges provided that Project Co notifies the Authority of any such Exempt Lane Occupation within ten (10) Business Days of the date on which such Exempt Lane Occupation arises.

ANNEX: LANE OCCUPATION CHARGES

For the purposes of this Annex, the following terms shall have the following meanings:

AM Peak means 06:00 to 09:29;

Interpeak means 09:30 to 15:29;

Night means 20:00 to 05:59;

PM Peak means 15:30 to 19:59;

Weekday means Monday 06:00 to Friday 19:59 excluding Bank Holidays;

Weekend means Friday 20:00 to Monday 05:59;

Weekend Off-peak means 20:00 to 09:59; and

Weekend Peak means 10:00 to 19:59.

Table 1: Lane Occupation Charges - Trunk Road Sections 1 to 12

Trunk Road Sections	1 & 12	2 & 11	3 & 10	4 & 9	5 & 8	6&7
EASTBOUND (Trunk Road Sections 1 to 6)						
*Not permitted except in the case of: (1) Lane Occupations deemed to be Free Lane Occupations; and/or (2) Access Road Lane Occupations that have been agreed by the Traffic Management Group for which the Lane Occupation Charges included within Table 4 of this Annex to Appendix 7 shall apply						
Weekday						
Night	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]
AM Peak	Not permitted*	Not permitted*	Not permitted*	Not permitted*	Not permitted*	Not permitted*
PM Peak	Not permitted*	Not permitted*	Not permitted*	Not permitted*	Not permitted*	Not permitted*
Interpeak	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]
Weekend or Bank Holiday						
Weekend Peak	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]
Weekend Off-Peak	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]
WESTBOUND (Trunk Road Sections 7 to 12)						
*Not permitted except in the case of: (1) Lane Occupations deemed to be Free Lane Occupations; and/or (2) Access Road Lane Occupations that have been agreed by the Traffic Management Group for which the Lane Occupation Charges included within Table 4 of this Annex to Appendix 7 shall apply						
Weekday						
Night	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]
AM Peak	Not permitted*	Not permitted*	Not permitted*	Not permitted*	Not permitted*	Not permitted*
PM Peak	Not permitted*	Not permitted*	Not permitted*	Not permitted*	Not permitted*	Not permitted*
Interpeak	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]

Trunk Road Sections	1 & 12	2 & 11	3 & 10	4 & 9	5 & 8	6&7
Weekend or Bank Holiday						
Weekend Peak	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]
Weekend Off-Peak	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]

Table 2: Shuttle Working Charges - Trunk Road Sections 1 to 12

Trunk Road Sections	1 & 12	2 & 11	3 & 10	4 & 9	5 & 8	6 & 7
Weekday						
Night	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]
AM Peak	Not permitted	Not permitted	Not permitted	Not permitted	Not permitted	Not permitted
PM Peak	Not permitted	Not permitted	Not permitted	Not permitted	Not permitted	Not permitted
Interpeak	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£1,300
Weekend or Bank Holiday						
Weekend Peak	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£2,700
Weekend Off-Peak	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£600

Table 3: Local Authority Roads

Trunk Road Section which the Local Authority Road is adjacent to	1 & 12	2 & 11	3 & 10	4 & 9	5 & 8	6 & 7
Weekday *Local Authority Road Lane Occupations shall not be permitted during AM Peak and PM Peak periods except in the case of: (1) Lane Occupations deemed to be Free Lane Occupations; and/or (2) Local Authority Road Lane Occupations that have been agreed by the Traffic Management Group for which the appropriate Lane Occupation Charges included within this Table 3 shall apply						
Night	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]
AM Peak	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]
PM Peak	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]
Interpeak	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]
Weekend or Bank Holiday						
Weekend Peak	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]
Weekend Off-Peak	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]

Table 4: Access Roads - AM Peak and PM Peak Only (where approved by the Traffic Management Group)

Trunk Road Sections	1 & 12	2 & 11	3 & 10	4 & 9	5 & 8	6 & 7
EASTBOUND (Trunk Road Sections 1 to 6)						
AM Peak (Weekday)	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]
PM Peak (Weekday)	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]
WESTBOUND (Trunk Road Sections 7 to 12)						
AM Peak (Weekday)	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£1,100
PM Peak (Weekday)	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£[REDACTED]	£1,700

**APPENDIX 8
PAYMENT CALCULATION SCHEDULE**

Services Fees

Table 1.1.1: Calculation of Annual Service Payment

Year	Month	ASP _o	IF	ASP _o x (1-IF) (1)	ASP _o x IF (2)	RPIX _o	RPIX _n	$1 + \frac{(RPIX_n - RPIX_o)}{RPIX_o}$ (3)	(2) x (3) (4)	ASP _n (1) + (4)

Note: Entries in this table shall have the meanings described in the calculation of Annual Service Payment given in Paragraph 1.1 of this Schedule 14.

Table 1.1.2: Capital Expenditure Factor and CV³

Capital Expenditure Factors for Each Individual Phase (being the Capital Expenditure Costs for the relevant phase divided by the total Capital Expenditure Costs:)	CV after issue of Permit to Use for:
[REDACTED]	

³ This table shows CVs based on the programme as at Financial Close and will be amended as appropriate to reflect the actual sequence of PTUs achieved by Project Co.

Table 1.1.3.1: Calculation of Services Fee for Contract Months after and excluding the Contract Month in which the Actual Completion Date is achieved ⁴

Year	Month	ASP _n	$\frac{ASP_n}{12}$ (1)	Services Fee (1)

⁴ This table shows CVs based on the programme as at Financial Close and will be amended as appropriate to reflect the actual sequence of PTUs achieved by Project Co.

Table 1.1.3.2: Calculation of Services Fee for Contract Months up to and including the Contract Month in which the Actual Completion Date is achieved ⁵

Year	Month	ASP _n	$\frac{ASP_n}{12}$ (1)		Calculation of Service Fee Adjustment Factor				Services Fee (1) x (13)	
					Capital Expenditure Factors (From Table 1.1.2)	Number of days in Contract Month:				Adjustment Factor (13)
						between issue of:		following the Actual Completion Date (12)		
						[REDACTED]				
					[REDACTED]	[REDACTED]				

Note: The calculation for the Adjustment Factor (13), using the column references within Table 1.1.3.2, is:

$$\frac{((2) \times (7)) + ((3) \times (8)) + ((4) \times (9)) + ((5) \times (10)) + ((6) \times (11)) + (12)}{\text{Number of Days in Calendar Month}}$$

⁵ This table shows CVs based on the programme as at Financial Close and will be amended as appropriate to reflect the actual sequence of PTUs achieved by Project Co.

Table 1.1.3.3: Calculation of Services Fee for the Final Contract Month ⁶

Year	Month	ASP _n	$\frac{ASP_n}{12}$ (1)	Calculation of Service Fee Adjustment Factor		Services Fee (1) x (3)
				Number of days in Final Contract Month:		
				up to (and including) the Expiry Date or up to (but excluding) the Termination Date (as applicable) (2)	Adjustment Factor (3)	

Note: The calculation for the Adjustment Factor (3), using the column references within Table 1.1.3.3, is: $\frac{(2)}{\text{Number of Days in Calendar Month}}$

⁶ This table shows CVs based on the programme as at Financial Close and will be amended as appropriate to reflect the actual sequence of PTUs achieved by Project Co.

Restricted Services Performance Failure Deductions (RSPFDs)

Table 1.2: Calculation of Restricted Services Performance Failure Deductions

Year	Month	Record Number	Failure Start		Failure End ⁷		Failure Location	Failure Description	Deduction for Individual Restricted Services Performance Failure	Total Deduction in Month for Restricted Services Performance Failures
			Date	Time	Date	Time				

Note: Each Restricted Service Performance Failure shall be recorded individually

⁷ This shall be the date and time at which paragraph 1.103.4.1 has been complied with.

Restricted Services Availability Failure Deductions (RSAFDs)

Table 1.3: Calculation of Restricted Services Availability Failure Deductions

Year	Month	Record Number	Failure Start		Failure End ⁸		Period	Failure Location	Failure Description	Deduction for Individual Restricted Services Availability Failure	Total Deduction in Month for Restricted Services Availability Failures
			Date	Time	Date	Time					

Note: Each Restricted Service Performance Availability Failure shall be recorded individually, with multiple entries recorded where the period exceeds thirty (30) minutes.

⁸ This shall be the date and time at which paragraph 1.103.4.1 has been complied with.

Lane Occupation Charges (LOCs)

Table 1.4.1: Record of Lane Occupations (LOs)

Year	Month	Record Number	LO Start		LO End		LO Location	LO Details	Activity Code	Charge Code
			Date	Time	Date	Time				

Note: Lane Occupation shall be the name of the location as set out in the tables in Appendix 7 within which the Lane Occupation has occurred,
 Activity Code: **1**=Works; **2**=Restricted Services; **3**=Emergency; **4**=Other
 Charge Code: **1**=Chargeable Lane Occupation; **2**=Exempt Lane Occupation

Table 1.4.2: Calculation of Lane Occupation Charges (LOCs)

Year	Month	Record Number	LOC Periods ⁹						LOC						Total LOC for Lane Occupation	Total LOC in Month
			Weekday				Weekend		Weekday				Weekend			
			Night	AM peak	Inter peak	PM peak	Peak	Off-peak	Night	AM peak	Inter peak	PM peak	Peak	Off-peak		

Note: LOC shall be the relevant value for the Lane Occupation as set out in the tables in Appendix 7

⁹ LOC periods must be an integer number, as stated in the Appendix 7 within this Schedule.

Availability Failure Deductions (AFDs)

Table 1.5.1: Calculation of Total Section Weighting Factor (TSWsCP)¹⁰

Year	Month	Section Weighting Totals		Phases with Granted Permit to Use	
		[REDACTED]	Total SWs	Phase References	TSWsCP

Note: Entries in this table shall have the meanings described in the calculation of Availability Failure Deductions given in Paragraph 4.1 of this Schedule 14.

Following the Actual Completion Date TSWsCP shall be equal to 1

¹⁰ This table shows CVs based on the programme as at Financial Close and will be amended as appropriate to reflect the actual sequence of PTUs achieved by Project Co.

Table 1.5.2: Record of Availability Failures

Year	Month	Record Number	Failure Start		Failure End ¹¹		Carriageway Section	Description of Availability Failure	Activity Code	Charge Code
			Date	Time	Date	Time				

Note: Each Availability Failure shall be recorded individually, with multiple entries recorded where the period of an Availability Failure spans different Availability Periods as set out in Appendix 1.

Carriageway Section shall be the reference number from Appendix 2 for the section of the carriageway subject to the Availability Failure.

Activity Code: **1**=Works; **2**=Routine/Cyclic Maintenance; **3**=Lifecycle Replacement, repairs to Category 2 Defects and Patching Works; **4**=Emergency; **5**=Works by Others; **6**=Breakdown; **7**=Other

Charge Code: **1**=Chargeable Availability Failure; **2**=Excusing Cause

¹¹ This shall be the date and time at which paragraph 1.104.5 has been complied with.

Table 1.5.3: Calculation of Availability Failure Deductions (AFDs)

Year	Month	Record Number	CV (1)	ASP _n (2)	SWs (3)	TSWsCP (4)	TWt (5)	AFF (6)	Repetition Multiplier	Deduction for Individual Availability Failure <u>(1) x (2) x (3) x (5) x (6)</u> (4) x 36083	Total Deduction in Month for Availability Failures

Note: Entries in this table shall have the meanings described in the calculation of Availability Failure Deductions given in Paragraph 4.1 of this Schedule 14.

After the Actual Completion Date, both CV and TSWsCP shall be equal to 1.

Performance Failure Deductions (PFDs)

Table 1.6.1: Record of Performance Failures

Year	Month	Record Number	Performance Failure Start		Performance Failure End ¹²		Carriageway Section	Description of Shortfall	Shortfall Type
			Date	Time	Date	Time			

Note: Each Performance Failure shall be recorded individually

Carriageway Section shall be the reference number from Appendix 2 for the section of the carriageway subject to the Performance Failure. Where the Performance Failure applies to the whole carriageway, the Carriageway Section shall be entered as “Whole”

Performance Failure Type shall be “PFP Section” or “PFP Whole”

¹² This shall be the date and time at which paragraph 1.105.6 has been complied with.

Table 1.6.2: Calculation of Performance Failure Deductions (PFDs)

Year	Month	Record Number	Services Fee (1)	Number of days in Contract Month (2)	SWs (3)	TSWsCP (4)	Hourly Points	Daily Points	Repetition Multiplier	Total Performance Failure Points (5)	PFD for Individual Performance Failure $\frac{(1) \times (3) \times (5)}{(2) \times (4) \times 100}$	PFD for Performance Failures in Month

Note: Entries in this table shall have the meanings described in the calculation of Performance Failure Deductions given in Paragraph 4.2 of this Schedule 14.

The Points to be entered in this table shall be as set out in Appendix 5, subject to the provisions of Paragraph 5 of this Schedule 14.

Where Performance Failure Deductions are in respect of PFD Whole, both SWs and TSWsCP shall be equal to 1

After the Actual Completion Date TSWsCP shall be equal to 1.

Monthly Service Payment (MSP)

Table 1.7.1: Calculation Gross Monthly Deductions

Year	Month	RSPFD (Table 1.2) (1)	RSAFD (Table 1.3) (2)	LOC (Table 1.4.2) (3)	AFD (Table 1.5.3) (4)	PFD (Table 1.6.2) (5)	CBP (6)	CSD (7)	RFD (8)	Excess Deductions from the previous Contract Month (Table 1.7.2) ¹³ (9)	Gross Monthly Deduction ¹⁴ (1) + (2) + (3) + (4) + (5) + (6) + (7) + (8) + (9)

¹³ This shall be the "Excess Deduction" from the immediately previous month in Table 1.7.2. For avoidance of doubt, for the first Contract Month this will be equal to zero.

¹⁴ In accordance with paragraph 2.1.1.(b), for Contract Months up to and including the Contract Month in which the Actual Completion Date is achieved, the Gross Monthly Deduction shall be calculated as: (4) + (5) + (9)

Table 1.7.2: Calculation of Net Monthly Deduction and Excess Deduction

Year	Month	Services Fee (Table 1.1.3.1, Table 1.1.3.2 or Table 1.1.3.3, as appropriate) (1)	Gross Monthly Deduction (Table 1.7.1) (2)	Difference (1) – (2)	Net Monthly Deduction (3)	Excess Deduction (4)

Note: For any particular row in this table 1.7.2:

- If the Difference ((1) - (2)) is not negative:
 - the Net Monthly Deduction (3) shall be equal to the Gross Monthly Deduction (2); and
 - the Excess Deduction (4) shall be equal to zero.
- Otherwise, if the Difference ((1) - (2)) is negative:
 - the Net Monthly Deduction (3) shall be equal to the Services Fee (1); and
 - the Excess Deduction (4) shall be equal to the absolute value of Difference ((1) - (2)).

Table 1.7.3: Calculation of Monthly Service Payment (MSP)

Year	Month	Services Fee (Table 1.1.3.1, Table 1.1.3.2 or Table 1.1.3.3, as appropriate) (1)	Net Monthly Deduction in respect of the previous Contract Month (Table 1.7.2) (2)	Pass Through Insurance Costs PTIC (3)	Monthly Service Payment MSP (1) - (2) + (3) ¹⁵

Note: In this table Pass Through Insurance Costs shall have the meaning described in Paragraph 2.1.1(a) of this Schedule 14.

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¹⁵ For the Final Contract Month, the Net Monthly Deduction (2) shall not be included in the calculation – see paragraph 2.1.1 (c) to this Schedule 14